



## **Transportation Financing Issues**

### **What's the status of the state highway maintenance and operations budget?**

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#### **Wide range of activities**

Highway maintenance and operations includes those functions necessary for the day-to-day operation of the state highway system (Interstates and numbered US and Wisconsin highways). These essential services include:

- Keeping roads free of obstacles or snow and ice
- Erecting and maintaining regulatory, warning and guide signs
- Refreshing pavement markings including lane lines
- Keeping traffic signals operating
- Performing pavement and shoulder maintenance on roads, including repair of potholes, elimination of shoulder drop offs and emergency pavement repairs
- Inspecting and maintaining bridges
- Cleaning ditches and culverts and mowing roadsides
- Maintaining roadside facilities, including rest areas, waysides and truck scales
- Applying engineering solutions and practices to improve safety, such as freeway service patrols, intelligent transportation systems and control signals
- Conducting those activities necessary to preserve and improve the cost-effectiveness of investments in the state highway system by keeping traffic flowing efficiently and dealing with incidents that delay travel

#### **Spending needs are up; funding is down**

The state highway maintenance and operations budget has declined over the past decade despite major increases in highway construction and even more dramatic increases in traffic volumes using highways and relying on the daily services provided by the operations program.

The highway maintenance and operations budget continues to lose purchasing power. When adjusted for inflation, the budget has gone up just 5% since 1993. That compares to a 27.7% increase in the Consumer Price Index. During this same period, there was a 50% increase in the highway improvement program.

#### **2003-05 budget**

Governor Doyle proposed a highway maintenance and operations budget for 2003-2005 totaling \$176.3 million dollars in 2004 and \$188.4 million in 2005. Unfortunately, the Legislature cut \$33.5 million from the Governor's budget request. This included eliminating an inflationary increase of 2.5% each year and an \$8.3 million increase in FY2005 to meet a portion of the need to extend basic services on the growing system.

Further impacts result from the Legislative action to continue a prohibition on funding certain investments from the highway improvement program, forcing such investments to be made from the maintenance and operations appropriation. This includes activities related to new or replacement highway signs, traffic control signals, lighting, pavement markings and intelligent transportation systems. This adds a \$54 million impact over the biennium to maintenance and operations services.

In total, the Legislative action on the 2003-05 budget results in roughly an \$85 million negative impact on the state highway maintenance and operations program. This means more than \$85 million worth of work that would have been funded under the Governor's budget will not get done over the next two years.

### **Reduced services will impact highway users**

These impacts will have a direct effect on the public, businesses, and industry (including the agricultural and tourism industries) across Wisconsin.

Regardless of which reductions are made, there is likely to be controversy about specific reductions. The magnitude of the funding change is so large that reductions are expected to impact virtually every service and every service provider. Service providers may be unwilling to contract to provide services because of the reduction in resources without a similar reduction in public expectations. An increase in liability claims for failure to address duties to the public are likely to result. Service providers, including counties that conduct routine highway maintenance, will be concerned about those claims because they may cause them to be viewed as part of the problem.

Counties may abandon their important role in delivering operational and maintenance services, causing a dramatic change in how state highways are maintained. This could harm service, increase costs and create the need for department resources to deal with the changes, harming other programs in the process.

### **The bottom line – there are no good choices**

There are no good choices for the service reductions that will need to occur because of Legislative action on the 2003-05 budget. The public will see reduced services on the highways they use every day. In the long term, this will mean more expensive replacement of facilities – pay me now, or pay me much more later on.